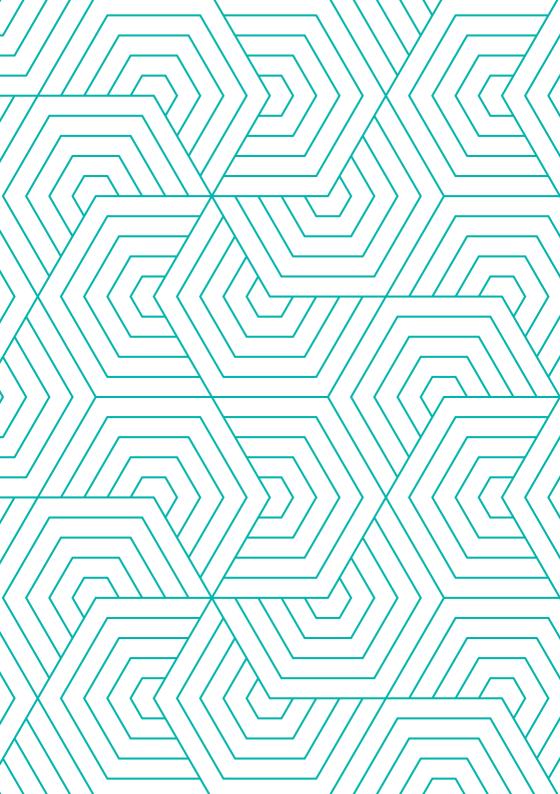


TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENT

I APRIL 2019 TO 31 MARCH 2020

REGISTERED CHARITY NO. SC047510



CHARITY INFORMATION

Charity Name

Iona Renewables (SCIO)

Trustees

Jane Martin (Chair)

John MacInnes (Treasurer)

Philip Ruhemann (Secretary)

Neil Jardine

Catherine Russon

Charity Number

SC047510

Principal Address

Fiuran

Isle of Iona

Argyll

PA76 6SP

TRUSTEES REPORT

For the period ended 31 March 2020.

The Trustees are pleased to present their report and financial statements for the period from 1 April 2019 to 31 March 2020.

Structure, Governance and Management

Constitution

Iona Renewables (IR) is a Scottish Charitable Incorporated Organisation (SCIO).

It has been active continuously since formation in September 2015 as a joint sub-committee of Iona Community Council and the local Development Trust, including securing funding and delivering projects to promote its objectives. IR incorporated in its current legal form in June 2017. It has a two-tier structure consisting of the members and Board of Trustees.

Appointment of Trustees

Trustees are appointed in accordance with the Constitution.

Objectives and Activities

Charitable purposes

Iona Renewables' dual purposes are to advance environmental protection and improvement and community development on the island of Iona. Iona Renewables pursues these purposes through:

- Identifying opportunities to maximise renewable energy generation, storage and use on Iona through feasibility work;
- Securing funding and overseeing delivery of projects, for instance, for reduced energy demand and sustained carbon-saving behaviour change — or where projects involve development of an asset such as the Iona Heat Network, progressing projects to an appropriate stage where they are taken over by the trading subsidiary, and then overseeing the subsidiary;
- Maximising opportunities for community ownership and benefit;
- In due course, where community benefit is generated, reinvesting resources to support social, economic and environmental sustainability of the island:
- Ensuring excellent partnership-working and community engagement and support.

The project's starting point was an island Energy Audit (2015) which demonstrated that (aside from some small-scale generation from solar panels) 100% of the island's energy is currently imported. Much of that imported energy is high carbon and unsustainable, and 100% of energy revenue (approximately £310,000 per year) is exported back off the island again. Subsequent feasibility work in 2016–17 identified what could be done to change the types of energy used as well generating up to 100% of it cleanly and sustainably from local renewable resources.

Iona Renewables has aimed, as a result of its activities, to reduce carbon, to reduce high energy costs for all consumers, and for funds—particularly energy revenues—to remain on the island with all profits used in due course to support the island's social, economic and environmental sustainability. The whole island's economy would benefit directly from this energy transition, including stronger environmental credentials and reputation.

Activities

In the first half of the 2019–20 reporting period, a primary focus of Iona Renewables and its trading subsidiary Iona Energy Ltd was working with senior levels of Scottish Government to re-assess the viability in the Iona context of the full range of Iow carbon technologies and of options to reduce energy demand through retrofitting buildings.

This independent reassessment reconfirmed and validated all of the robust feasibility and project work that Iona Renewables had already carried out in 2016–17, in partnership with Scene Connect as community energy technical specialists. It proved independently the exceptionally high cost factors applying to capital projects on Iona, particularly due to its status as an 'island off an island'.

In the second part of the year, this independent revalidation of all the work IR and IEL had already done since 2016, combined with independent confirmation of capital costs on lona, underpinned resurgence of work on funding, combining low carbon heat with increased resourcing of energy efficiency. By the close of the year, IR/IEL had succeeded in securing the full £3.3 million funding package for the lona Heat Network, with all questions about capital costs, viable alternatives, and technological viability thoroughly resolved, confirming IR/IEL's consistent position on each of these issues. At this point, the unprecedented challenges of the COVID pandemic and lockdown descended.

Iona Renewables' activities have therefore particularly addressed the following—both directly (e.g., Scottish Government Options Appraisal) and as appropriate through oversight and monitoring of its wholly trading subsidiary:

 a) Working from April to October with Scottish Government Low Carbon Team on a Scottish Government commissioned Options **Appraisal** of low carbon heat options on Iona—involving:

- In-depth work to define the terms of reference, define and ensure paramountcy of island priorities, brief and work closely with the consultants to support their data gathering and analysis, ensure all necessary input from external and internal parties (including, e.g., on island costs with direct evidence from the other current construction projects on lona), review and comment on the report;
- Engage Ministers in responding to the finding that construction costs on Iona entail a "35–40% surcharge on across the board costs"—resulting in a clear Ministerial position that this factor cannot be the reason on its own that the Heat Network does not proceed.
- b) Ongoing detailed design work on internal heating systems;
- c) Extensive work with funders and potential funders to secure the full funding package;
- d) Review and update of financial modelling and business plan including to support funding applications;

- e) Ongoing intensive community and wider stakeholder engagement—including off-island organisations who are parties to the renewables initiatives:
- f) Continual liaison with existing funders;
- g) Sustained engagement with all building owners and tenants on internal heat system installation and upgrades, energy efficiency works, the community heat supply offer and Heat Supply Agreements, maintaining contractual commitment:
- h) Completion of all necessary technical surveys—including new mandatory commitment for detailed technical survey of every building and application to District Network Officer;
- i) Ongoing consideration of all additional initiatives in which IR might participate;
- j) Strengthening of the organisational and Boards capacity of Iona Renewables and its wholly owned subsidiary including for installation, ownership and operation of a significant community asset.

Achievements and Performance

The overarching achievement of this reporting period was, starting from the huge challenge of a large funding gap for the island's community-led ground source Heat Network:

- Thoroughly and resoundingly countering some funders' wrong assumptions about island capital costs, value for money in this context, availability of alternatives, and the viability of ground source technology per se—all of which required massive amounts of time, effort, determination and other resources of a small community-led island organisation;
- And subsequently securing the full funding package of £3.3 million, with the Heat Network ready to proceed to construction at the end of the reporting period in March 2020, when COVID descended.

As all of this effort proved, if Iona Renewables was based on the mainland, we would have straightforwardly installed the Heat Network in winter 2018–19 and progressed to subsequent stages of the Iona-wide energy transition. Instead, we had to spend this year proving to funders and policy makers—successfully and resoundingly, but at the cost of direct progress on decarbonisation and community development—the reality of Iona's specific island disadvantages, and the capability of communities to identify the right, robust, evidence-based solutions for their contexts.

The following are achievements and performance of Iona Renewables and—through IR's oversight and monitoring—its trading subsidiary, Iona Energy Ltd:

Background to this reporting period—addressing 'island off an island' funding gap:

- During the previous reporting period (2018–19) IR/IEL had gone to tender with the first-phase high-impact project, the lona ground source Heat Network. The Heat Network would be the first catalytic step in the lona-wide energy transition. It had been identified through rigorous Scottish Government funded feasibility work (2016-17) as not only the best but also the only viable low carbon heat option on lona. The funding model for the Heat Network was of necessity based overwhelmingly on loans to be repaid by Renewable Heat Incentive (RHI), with an extremely small grant component (~7%). The loan/RHI levels are based on a mainland funding model, rather than taking account of a costly, extremely remote and challenging context such as Iona.
- When the project went to tender, all bids were significantly over budget. The funding gap was exactly the same proportion as other construction projects on lona, for instance, the Village Hall project which went to tender

at a similar time. This repeating evidence demonstrated that the funding gap is due to the additional costs arising from Iona's location as a remote 'island off an island'.

Funders' response to funding gap, autumn 2018: in October 2018, Scottish Government had made a direct request to Highlands and Islands Enterprise (HIE)—the obvious specialist agency to understand and address the unique challenges for a remote island context like Iona—to consider grant funding for the Iona Heat Network, which was otherwise shovel ready. This request followed unanimous confirmation by our funders that they wished to find a way to make this important 'pathbreaker' project work in the face of high tender returns.

Funding decision, April 2019: at the start of this reporting period, Highlands and Islands Enterprise concluded a protracted six-month process (October 2018—April 2019) of considering funding the Iona Heat Network. IR/IEL had input for months to due diligence reviews. In April, HIE made a decision not to fund the Heat Network, which was not based on those due diligence reviews—the technical due diligence, for instance, was still not finalised or quality assured (but was shared with funders). HIE advised that the funding decision was primarily based on cost, although HIE also confirmed explicitly that this primary barrier of cost did not take account of the massive, objectively demonstrated, disadvantage that Iona faces of exceptionally high capital costs.

HIE's funding decision was presumed by HIE and (on the assumption that the reasoning for the decision was sound) Scottish Government to close down the Heat Network project permanently, with HIE seeking to work with the island community to find a cheaper solution instead. HIE justified its funding decision with four reasons based on: cost/ value for money, presumed availability of (cheaper) alternatives, impacts, and a technical issue on energy efficiency that had not been put through technical due diligence.

IR/IEL asserted our right (as part of the kind of 'empowered communities' that funders wish to see) to make clear through our MSP that we disagreed strongly with the reasoning behind this decision. This was particularly important so that the Heat Network could be accurately and fairly assessed in the next stage. We disagreed both factually and on principle. For example, the funding decision was primarily about cost, and there are significant equity issues if otherwise strong projects do not go ahead because funders don't face up to costs of provision being higher in some areas than others—a principle that is given very significant weight by the Islands Act.

Due to recognition of the vision, ambition, work and commitment that had been invested by the community in the project, this funding decision crystalised remarkable, highest level support—through our MSP and up to the Minister for Energy, Connectivity and the Islands—for delivering some form of heat scheme on long.



Independent Scottish Government-commissioned Options Appraisal on low carbon options on Iona, April-October 2019: Scottish Government confirmed that all funding remained in place and IR/IEL was advised to work with senior officials on a 'step back' review of options, with the aim of installing the best option from autumn 2019 onwards. The presumption on the funders' side was that a lower cost alternative would be easily identified. The evidence on IR's side was that there was no viable alternative, and that the Heat Network was both the appropriate and only viable solution for the specific context on lona. Through our MSP, we ensured that the ground source Heat Network and all the colossal work done so far would not be jettisoned, with the benefits of the Network to be weighed up against any viable option identified through the first stage of the Appraisal. IR/IEL put enormous work into the Options Appraisal, including ensuring that the realities of the lona context plus the community's priorities and incentives were all thoroughly considered, working closely with senior officials and the independent consultants.

The independent consultants recognised from the outset that IR and its technical partner Scene had already and in detail thoroughly assessed all technical options through Scottish Government-funded feasibility work in 2016–17. All options were reappraised, including consideration of whether combined technologies would increase viability (e.g. hydro with solar and wind, which was unsuccessful). The consultants assessed island costs drawing on evidence

from professionals engaged on other projects who work across a wide area of Scotland; and potential for addressing energy efficiency—recognising that this had in fact been pursued exhaustively on lona with very significant lessons learned.

The Options Appraisal responded to and addressed head-on the concerns about cost and availability of better alternative options on lona, concluding that:

- An innovative approach to low carbon heating is required for lona;
- The detailed work done already by IR with Scene—that was not taken into account in the six-month funding assessment, October 2018 to April 2019—reached the correct conclusions in the first place and was validated, i.e.: all options that could be considered as alternatives to the proposed Heat Network are unfeasible either technically, financially or practically (as a community model) and many also fail on resilience terms:
- The funding gap is entirely due to lona's 'island off an island' cost disadvantage, which typically adds "35–40% surcharge" to across the board costs—and, as IR subsequently demonstrated, value for money can only be assessed meaningfully when starting from an accurate understanding of these cost factors;

• IR was recognised to have already done everything possible to improve energy efficiency of lona buildings within the existing system (surveys, referral, contractor, funding models) but the existing system has not worked for our context, and a bespoke approach is needed which the authors anticipated being grant funded. IR had demonstrated that energy efficiency must be pursued as part of an integrated package—alongside low carbon heat—as energy efficiency could not be delivered on a standalone basis.

With support from our MSP, IR established that the proven 'island off an island' cost disadvantage could not on its own be the reason against the project proceeding—and noting that no other reason that had been put forward had been able to withstand scrutiny.

Having proved all of the above, including through independent assessment directly commissioned by Scottish Government, IR/IEL were able to compete openly and successfully for £1.3 million grant funding. This amount would cover grant funding that had been lost due to having to spend this whole year proving that IR/IEL had reached the right conclusions, enable increased work on energy efficiency, and close the funding gap, allowing the project to go ahead. During this process, IR/IEL expected to have to resource masses of technical due diligence questions—in the event, virtually

no technical questions were asked. IR/IEL's determination had therefore also resulted in acceptance of the viability of ground source technology per se.

By the conclusion of this reporting period at the end of March 2020:

- IR/IEL had had to work particularly hard to address the central issue of cost as well as an assumption that there is some better alternative (or even any alternative) to the Heat Network, alongside non-technical opinions amongst decision makers about the viability of ground source technology—all of which had by the end of the reporting period now been conclusively resolved, validating all of our work, priorities and decisions:
- The Heat Network—which was on the brink of being abandoned by funders at the start of the reporting period—had passed positively through independent technical and financial due diligence led by Ernst and Young for Scottish Government for a £1.3 million grant;
- Officials were at finals stages of approval for funding that would put the full funding package of £3.3 million in place, with the Network on the brink of proceeding to meet final funding conditions and financial close, and construction from July 2020;

Energy efficiency

Many of Iona's buildings are pre-1920s and 'hard to treat', including many being within a restrictive conservation area. As the Options Appraisal demonstrated, Iona Renewables had already done everything possible within the existing system (referral, contractor, funding models) to improve energy efficiency of Iona buildings as a 'standalone' effort, particularly through a previous project supported by Climate Challenge Fund (2017–18). Following huge engagement in surveys (82 buildings), progress stalled and, despite all efforts, IR could not break through multiple failures (e.g., unclear, unprioritised, unconvincing, unfeasible and inappropriate survey recommendations, multiple referral/contractor/supply chain challenges, huge customer reluctance to go through major disruption for unclear benefits).

This experience demonstrated that: the existing system for delivering energy efficiency does not work for this context; it is very hard to pursue energy efficiency on its own as a 'standalone' effort; and a bespoke approach is needed where energy efficiency is a means to a further end (e.g., renewable heat supply).

Iona Renewables had originally sought significant funding for energy efficiency works of buildings within the Heat Network, but the amounts were capped by the funder and mostly required for internal heat distribution systems (radiators and pipework—required in ~90% of the buildings). Changeworks was therefore engaged to resurvey all buildings in the Network and set out the energy efficiency works that were clearly prioritised, achievable and required for Energy Performance Certificates in order to qualify for Renewable Heat Incentive (RHI). In this reporting period IR/IEL applied for and secured increased resources for energy efficiency.

A recurring wrong assumption that the project has had to counter—and that the Options Appraisal confirmed is a wrong assumption—is that buildings have to be highly energy efficient in order for a low temperature heat system to work efficiently. There are many reasons that energy efficiency is highly desirable but a low temperature system works effectively with an energy inefficient building provided it is designed to do so, i.e., designed to address the heat load and heat losses of the building as it is. From the outset, IR/IEL have been very keen to address energy efficiency as much as possible and as much as resources and cost-effectiveness (and funders) permit. Every building in the Network has been surveyed repeatedly to determine its heat load and heat losses, and the heat system has been designed to work efficiently with any inefficiencies, where those can't be addressed.

 Iona Renewables would be in a position, after commissioning of the Heat Network, to take forward subsequent steps on the island's Local Energy Roadmap and further advance its charitable objectives.

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At this point, right at the end of the reporting period, the COVID pandemic and resulting lockdown required the Scottish Government to put projects—including the lona Heat Network—on "pause" for an initial three to six month-period.



Impacts—supporting the island's sustainability

The Iona Heat Network would provide energy efficiency and affordable, sustainable low-carbon heat for at least 40% of the combined resident and visitor-economy heat load of a remote Hebridean island community. The Heat Network would be a community-run asset that provides low-carbon, lower-cost, reliable, affordable, renewable heat that's technically and financially viable in the long-term:

- Buildings have modern insulation and heating systems, affordably meeting year-round comfort standards, enhancing living and working condition, and significantly reducing fuel poverty (vs buildings under-heated and damp; Argyll fuel poverty estimated at ~40%, higher on islands);
- Sustained cost savings are delivered for vulnerable island consumers, averaging +30% bill reductions (compared to no-intervention counterfactual);
- Immediate fully-serviced maintenance is provided through on-island responders and remote specialised back-up (vs very high-cost delayed repairs);
- 215 tonnes CO2e is reduced annually (74% vs average domestic heating emissions that are double UK average);
- Wellbeing is improved via more affordable, better heated housing with reduced coal dependency;
- Community cohesion and inclusion are strengthened including cross-island collaboration

and benefits, prioritising elderly/vulnerable wherever possible;

 4.5 full time equivalent (FTE) constructionphase jobs are created across Highland & Islands, including indirect/induced costs, with £4.2M gross one-off turnover;

- Combined annual operational impacts support
 3 FTE jobs with £362K gross annual turnover;
- I FTE post is permanently created, other employment catalysed through spin-off benefits;
- The crucial visitor economy is enhanced through more sustainable business energy costs, supporting longer visitor season while protecting heritage through building conservation and sensitive development;
- Residents' skills and capability are increased through community asset ownership;
 - Energy revenue is permanently retained—

 ~£43K per year from bills, >£13K operational costs, ~£108K per year (for 20yrs) Renewable Heat Incentive revenue; and smaller permanent community benefit thereafter;
- The whole-island economy benefits from an enhanced Iona 'brand', and savings for businesses including helping to support extended visitorseason and, in turn, year-round employment;
- Young economically-active residents are supported to remain on-island.

Organisational Capacity Development

Iona Renewables secured funding from May 2018 from Scottish Government Investing in Communities Fund (previously Strengthening Communities Programme) administered via Development Trusts Association Scotland (DTAS). The purpose of the funding is to strengthen organisational capacity of the charity and trading subsidiary, including the Boards. It supports two part-time posts and some travel and training costs. This award has been a vital support during this reporting period.

The draft Business Plan and Financial Model were updated and have been through thorough independent technical and financial due diligence scrutiny led by Ernst & Young for Scottish Government as part of our application for a £1.3 million grant. Scottish Government confirmed in February that we have passed this due diligence successfully.

An Outline Operational Plan was created in the previous financial year, addressing immediate and medium term priorities regarding Financial Management, Operational Management and Risk Management, as well as integrating core Board governance responsibilities. In this period the framework was fleshed out to include the minutiae of daily, weekly, monthly, and annual tasks including area of responsibility, and producing necessary policies and systems. This Plan is now in place and reviewed regularly to ensure both accuracy and relevance.

Continual focus was maintained on excellent financial management capacity of the Boards and project team, also extending to other relevant parties on the island whenever possible. A suitable training programme to further advance and solidify the financial competency has been identified and discussed, for implementation in the near future.

Independent quality assurance of excellent accounts and financial management systems was established and maintained, and all other systems set up and resourced.

Capacity on communications and marketing was increased, ready for significant expansion with confirmation of full funding and progressing to construction, including media/ social media plan drafted and agreed with Boards; website and twitter updated commensurate with current progress/public statements; multiple approaches managed from researchers and media; proactive communications for community engagement managed; significant amount of graphics and branding designed; readiness for communications e.g., on community-led model, construction and operational phase for visitors, and 'green island'.

Cross-island local energy Roadmap was further developed: the Roadmap guides the island's potential to transition towards maximum locally-generated community-owned energy and carbon saving behaviour change. The Heat Network is potentially a pathbreaker and catalyst for this wider cross-island energy transition, as well as

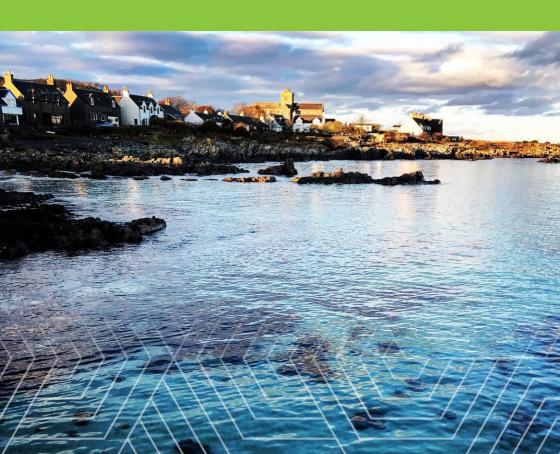
lesson-learning, path-breaking and innovation for other remote contexts. Boards continue to agree next steps should be considered subsequently—not prior to or in parallel with installation of the Heat Network.

On overall, strengthening and consolidation of Iona Renewables and Iona Energy Ltd Boards, an overall plan was agreed with the Boards and has been updated as necessary.

Generating Lesson on Community-Led Development

As in the last reporting period, Iona Renewables' activities—and subsequently those of Iona Energy Ltd—provide lessons on community-led delivery. As the first phase project, the Heat Network's profile and potential for replication are enhanced by Iona's status as an internationally-renowned heavily-visited historic island and the globally famous Iona Abbey being within the Network. In this period, Iona Renewables demonstrated particular resilience, success and leadership in facing and coming through successfully so many challenges, particularly from heavily resourced mainland organisations, as detailed in activities and achievements sections above.

Argyll & Bute Council (A&BC) confirmed that the Heat Network is an exemplary project that "absolutely fits" with its Local Heat and Energy Efficiency Strategy (LHEES) pilot: the challenges the Network tackles of poor building stock plus high-cost electricity and high-carbon oil are typical of offgas-grid challenges across Argyll & Bute, and more widely; the Network is a "showcase" and "great example of community spirit and drive", including demonstrating the extraordinary place-based cohesion and buy-in that can be achieved across residents, businesses, Historic Environment Scotland, NTS and others; it demonstrates exactly the initiative and energy the Council needs from its communities if the LHEES is to succeed.



The first phase of lona's energy transition has potential for roll-out across many fronts. It provides tested templates for:

- Replicating similar community asset development on sustainable heat, including in remote, complex settings— the main replicability challenge is high cost but this is proven through independent Scottish Government-funded assessment to be exceptional and not repeated in most other rural off-gas-grid contexts, including most other islands, and with all cost-drivers identified and analysed;
- An entirely community-initiated and -led placebased model, for application in other contexts which will identify and develop their own specific technology options and community objectives—already being tracked e.g. by English energy companies that cannot achieve similar community buy in;
- Low-temperature Heat Networks that can be deployed in rural locations, enabling this proven technology to be replicated widely by developing supply chain capacity and capability;
- Effective appropriate solutions for energy efficiency in remote contexts and 'hard to treat' buildings, benefiting from thorough local experience of what does and does not work;

- Community partnership with national organisations;
- Achievement of social, economic and environmental impacts that are most relevant for a remote island context:
- Catalysing subsequent stages of lona's low-carbon energy transition.

Partnership and 'place based approach'

Consistent with a place-based approach, IR has built an unprecedented community-led cross-island collaboration of residents, businesses and national organisations, supported by the local authority and a consortium of public and commercial funders. The Heat Network is an illustration of IR's work and commitment to establish genuine, effective partnership to achieve long-term collective social, economic and environmental sustainability and increased community cohesion. Benefits extend to:

- The resident island community which is as a
 whole disadvantaged by its very remote location,
 seasonal economy, lack of year-round jobs,
 poor quality expensive building stock, weak
 infrastructure plus exceptionally high cost of and
 fragile connection to energy, goods and services;
- Main island energy consumers as Network customers, maximising impacts and viability, and ensuring the whole island has a stake and share

of benefits (e.g., through the community-owned Hall, island school, Iona's major businesses and employers, and Iona Abbey as a major part of the island's identity and economy);

- Major stakeholder organisations including as direct customers: National Trust for Scotland as a large island landowner, Historic Environment Scotland, Iona Community and Iona Cathedral Trust:
- Argyll & Bute Council as a customer, and as lead on the Local Heat and Energy Efficiency Strategy (LHEES) pilot with the Network as a prime example of community drive for long-term solutions on energy efficiency and sustainable heat (previously also as SEEP Pathfinder grant recipient and overseer).

Organisations involved include:

Scene Connect Ltd as a community energy and technical specialist has worked with IR on the extensive underlying feasibility work, the Roadmap and high-impact first phase of development of the local energy system, as well as a formal partner e.g., on the Climate Challenge Fund project, and ongoing on the Heat Network project.

Further collaboration (whether past, current or incoming as a capital phase funder) includes: Energy Redress Scheme, Energy Saving Trust, Low Carbon Infrastructure Transition Programme, Social Investment Scotland, Esmee Fairbairn Foundation, Russell Trust, Pebble Trust, Waterfall Fund, Home Energy Scotland, Local Energy Scotland, Resource Efficient Scotland, Climate Challenge Fund, Development Trusts Association Scotland and Scottish Energy Efficiency Programme (SEEP), and Keep Scotland Beautiful/ Climate Challenge Fund.



FINANCIAL REVIEW

Income

Investing in Communities Fund	19,728
Strengthening Communities Programme	19,728
Russell Trust	6,000
Reimbursements of Scene Connect by Iona Energy Ltd (trading subsidiary)	4,582
Reimbursements of salaries by Iona Energy Ltd (trading subsidiary)	16,199
	66,237
Expenditure	
Consulting (Scene Connect Ltd.)	5,926
Employer's NIC	1,703
Employer's Pension	1,088

IT Software and Consumables	85
Legal and Professional Fees	2,000
Postage, freight, courier	36
Printing and stationery	556
Xero subscriptions	376
Salaries	45,231
Staff training	1,600
Subscriptions	90
Telephone and internet	50
Interest	7
Travel and subsistence	1,570
	60,887
Purchase of fixed assets	438
Total payments	61,325
Surplus	4,912

Statement of Balances

	Unrestricted	Restricted	Total
Cash and bank balances at start of year	1,114	4,857	5,971
Surplus / (deficit) shown on receipt and payments account	(2,344)	7,256	4,912
Cash and bank balances at end of year	(1,230)	12,113	10,883

Funders

All funds received are used to further the environmental and community development aims of the charity, to take forward the Iona Energy Roadmap, and to build capacity within the charity governance and employees. The focus this year has been particularly on: working with senior levels of Scottish Government to re-assess the viability in the Iona context of the full range of low carbon options; which independently revalidated of all the work IR and IEL Ltd had done since 2016, combined with independent confirmation of capital

costs on Iona; this underpinned resurgence of work on funding, with, by the close of the year, IR/IEL succeeding in securing the full £3.3 million funding package for the Iona ground source Heat Network.

Investing in Communities Fund: The fund aims to empower communities, enabling them to tackle inequality and disadvantage on their own terms, promoting a more responsive, community-led, place-based approach. With this funding Iona Renewables is building the capacity to independently run a remote community-led SCIO and subsidiary, governed by confident Boards and according to best practice with the resources required to oversee, own, operate, and maintain community assets.

Strengthening Communities Program was the precursor to the Investing in Communities Fund. The aims and purposes are the same, and our funding stream between these two are considered part of the same grant.

The Russell Trust: This trust is a Fife-based charity that makes small grants to other charities to assist in their charitable work. This grant was provided for critical technical expertise, legal input and accountancy support to enable lona Renewables to secure the final grant component of £1.3 million and overall £3.3 million funding package, and proceed to installation of the Heat Network in 2020. As The Russell Trust is only able to make grants to charitable organisation, the grant was made to lona Renewables and then loaned by lona Renewables to lona Energy Ltd in full post year end, this was approved by the funders.

Reserves policy

Currently, Iona Renewables has no running costs beyond the funding secured for delivery of each project. If Iona Renewables has running costs in the future, the Trustees will develop an appropriate reserves policy at that time.

Approved by the Trustees and signed on their behalf

Janes Martin

Jane Martin, Chair 15 December 2020



APPENDICES

Statement of receipts and payments

	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total funds current period	Total funds last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
Al Receipts						
Donations						
Legacies						
Grants		45,456			45,456	48,497
Receipts from fundraising activities						
Gross trading receipts						
Income from investments other than land and buildings						
Rents from land & buildings						
Gross receipts from other charitable activities	20,781				20,781	14,911
Al Sub total	20,781	45,456			66,237	63,408
A2 Receipts fro	m asset & investi	ment sales				
Proceeds from sale of fixed assets						
Proceeds from sale of investments						
A2 Sub total						
Total receipts	20,781	45,456	-		66,237	63,408

			Expendable	Permanent		
	Unrestricted funds	Restricted funds	endowment funds	endowment funds	Total funds current period	Total funds last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
A3 Payments						
Expenses for fundraising activities						
Gross trading payments						
Investment management costs						
Payments relating directly to charitable activities	23,125	37,762			60,887	57,937
Grants and donations						
Governance costs:						
Audit / independent examination						
Preparation of annual accounts						
Legal costs						
Other						4,000
A3 Sub total	23,125	37,762			60,887	61,937

	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total funds current period	Total funds last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
A4 Payments re	elating to asset an	nd investment mo	vements			
Purchases of fixed assets		438			438	
Purchase of investments						100
A4 Sub total		438			438	100
Total payments	23,125	38,200			61,325	62,037
Net receipts / (payments)	(2,344)	7,256			4,912	1,371
A5 Transfers to / (from) funds						
Surplus / (deficit) for year	(2,344)	7,256			4,912	1,371

Statement of balances

Categories	Details	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period
		to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
BI Cash funds	Cash and bank balances at start of year	1,114	4,857			5,971	4,600
	Surplus / (deficit) shown on receipts and payments account	(2,344)	7,256			4,912	1,371
	Cash and bank balances at end of year	(1,230)	12,113			10,883	5,971
	Details			Fund to which asset belongs		Market valuation	Last period
						to nearest £	to nearest £
B2 Investments	100% share ownership in lona Energy Ltd (trading subsidiary)					100	100
					Total	100	100
	Details			Fund to which asset belongs	Cost (if available)	Current value (if available)	Last period
					to nearest £	to nearest £	to nearest £
B3 Other assets	Monies owed from IE Ltd.					2,153	4,442
	Start up loan made to lona Energy Ltd (trading subsidiary)					4,038	4,018
	Investing in Communities Fund accrued income					1,582	
				Total		7,773	8,460

Categories	Details	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period
		to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
	Details			Fund to which liability relates		Amount due	Last period
						to nearest £	to nearest £
B4 Liabilities	PAYE/NIC payable					2,765	750
	Trade creditors					82	6,361
	NEST pensions payable					(326)	68
	Accruals					900	750
	Wages payable					1,389	
					Total	4,810	7,929
	Details			Fund to which liability relates		Amount due (estimate)	Last year
						to nearest £	to nearest £
B5 Contingent liabilities							
					Total		

Signed by Trustee

Janes Marin

Jane Martin, Chair 15 December 2020

Notes to the accounts

All funds received are used to further the environmental and community development aims of the charity, to take forward the lona Energy Roadmap, and to build capacity within the charity governance and employees. The focus this year has been particularly on: working with senior levels of Scottish Government to re-assess the viability in the lona context of the full range of low carbon options; which independently revalidated of all the work IR and IEL Ltd had done since 2016, combined with independent confirmation of capital costs on lona; this underpinned resurgence of work on funding, with, by the close of the year, IR/IEL succeeding in securing the full £3.3 million funding package for the lona ground source Heat Network.

Investing in Communities Fund: The fund aims to empower communities, enabling them to tackle inequality and disadvantage on their own terms, promoting a more responsive, community-led, place-based approach. With this funding Iona Renewables is building the capacity to independently run a remote community-led SCIO and subsidiary, governed by confident Boards and according to best practice with the resources required to oversee, own, operate, and maintain community assets.

Strengthening Communities Program was the precursor to the Investing in Communities Fund. The aims and purposes are the same, and our funding stream between these two are considered part of the same grant.

The Russell Trust: This trust is a Fife-based charity that makes small grants to other charities to assist in their charitable work. This grant was provided for critical technical expertise, legal input and accountancy support to enable Iona Renewables to secure the final grant component of £1.3 million and overall £3.3 million funding package, and proceed to installation of the Heat Network in 2020. As The Russell Trust is only able to make grants to charitable organisation, the grant was made to Iona Renewables and then loaned by Iona Renewables to Iona Energy Ltd in full post year end, this was approved by the funders.

Grants

No grants were made during this period.

Trustee remuneration

No remuneration was paid during this period to any charity trustee. Please see below for transactions with connected persons to trustees.

Trustee expenses

No trustee expenses were paid this year.

Transactions with trustees and connected persons

The partner of director Philip Ruhemann worked for Iona Renewables in the year and was remunerated to the sum of £33,100, including £931 that was outstanding at the year end. This includes the amount reimbursed from IE Ltd for her work relating to the subsidiary. The partner of director Phillip Ruhemann was also reimbursed £896 of travel and office expenses in the year, £379 of this was due at the year end 31/03/2019 but paid in 31/03/2020.

On the above, and on consideration of appointment of all paid skilled capacity, Trustees sought and followed specific legal advice on appointing skilled paid capacity in a small remote community and strictly followed conflict of interest policy, including exclusion of e.g. connected persons from any decision making.

Other information

lona Energy Ltd (SC577246) is wholly owned by Iona Renewables, the subsidiary was incorporated on 26/09/2017. Iona Renewables reimbursed Iona Energy Ltd £376 in the year for software subscription costs, as agreed by the grant funders. At the year end Iona Renewables owed Iona Energy Ltd £191 of software subscription costs. Iona Energy Ltd reimbursed Iona Renewables £4,582 for external consultancy costs to Scene Connect due at 31/03/2019 not paid until this year. At the year end an additional £1,344 was still outstanding to Iona Renewables. These two amounts should originally have been paid from Iona Energy Ltd and are purely expenditure reimbursements. Iona Energy Ltd also reimbursed Iona Renewables for £16,199 of salaries (including pensions and employer's NIC) paid on behalf of Iona Energy Ltd.

During the year ending 31/03/2019 Iona Renewables provided a £4,000 Ioan to Iona Energy Ltd at a rate of 0.5% interest per annum. At 31/03/2020 this Ioan was outstanding in full along with accrued interest, in total for both years, of £38.33. The Ioan term is ten years.

Unrestricted funds were in deficit at the year end but reverted back to a surplus post year end when Iona Energy Ltd paid the amounts due to the charity that were outstand at the year end, per the Statement of Balances.

Analysis of receipts and payments

			-			
Donations	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
Total						
Grants	Unrestricted funds	Restricted funds			Total current period	Total last period
	to nearest £	to nearest £			to nearest £	to nearest £
Investing in Communities Fund		19,728			19,728	-
Russell Trust		6,000			6,000	-
CARES Start Up		-			-	2,736
Climate Challenge Fund		-			-	2,683
Strengthening Communities		19,728			19,728	39,388
SEEP via Scene Connect Ltd.		-			-	3,690
Total		45,456			45,456	48,497
Gross receipts from other charitable activities	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
Reimbursements of Scene Connect by Iona Energy Ltd (trading subsidiary)	4,582				4,582	14,911
Reimbursements of salaries by Iona Energy Ltd (trading subsidiary)	16,199				16,199	

Payments relating directly to charitable activities	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
Consulting (Scene Connect Ltd.)	5,926	-			5,926	14,545
Employer's NIC	1,465	238			1,703	4,160
Employer's Pension	703	385			1,088	922
Insurance	-	569			569	544
IT Software and Consumables	-	85			85	80
Legal and Professional Fees	1,000	1,000			2,000	760
Postage, Freight and Courier	-	36			36	I
Printing and Stationery	-	556			556	335
Xero Subscriptions	-	376			376	221
Salaries	14,031	31,200			45,231	28,591
Subcontractors	-	-			-	3,690
Staff Training	-	1,600			1,600	2,226
Subscriptions	-	90			90	90
Telephone and Internet	-	50			50	77
Travel and Subsistence	-	1,570			1,570	1,695
Interest	-	7			7	
Total	23,125	37,762			60,887	57,937

Breakdown of unrestricted funds

	Unrestricted funds	Total unrestricted funds	Total unrestricted funds last period
Receipts			
Donations			
Legacies			
Grants			
Receipts from fundraising activities			
Gross trading receipts			
Income from investments other than land and buildings			
Rents from land & buildings			
Gross receipts from other charitable activities	20,781	20,781	14,911
Sub total	20,781	20,781	14,911
Receipts from asset & investment	sales		
Proceeds from sale of fixed assets			
Proceeds from sale of investments			
Sub total			
Total receipts	20,781	20,781	14,911

	Unrestricted funds	Total unrestricted funds	Total unrestricted funds last period
Payments			
Expenses for fundraising activities			
Gross trading payments			
Investment management costs			
Payments relating directly to charitable activities	23,125	23,125	14,297
Grants and donations			
Governance costs:			
Audit / independent examination			
Preparation of annual accounts			
Legal costs			
Sub total	23,125	23,125	14,297
Payments relating to asset and investment movements			
Purchases of fixed assets			
Purchase of investments			100
Sub total			100
Total payments	23,125	23,125	14,397
Net receipts / (payments)	(2,344)	(2,344)	514
Transfers to / (from) funds			
Surplus / (deficit) for year	(2,344)	(2,344)	514

All funds received are used to further the environmental and community development aims of the charity, to take forward the Iona Energy Roadmap, and to build capacity within the charity governance and employees. The focus this year has been particularly on: working with senior levels of Scottish Government to re-assess the viability in the Iona context of the full range of low carbon options; which independently revalidated of all the work IR and IEL had done since 2016, combined with independent confirmation of capital costs on Iona; this underpinned resurgence of work on funding, with, by the close of the year, IR/IEL succeeding in securing the full £3.3 million funding package for the Iona ground source Heat Network.

Breakdown of restricted funds

	Investing in Communities Fund	Strengthening Communities Program	Russell Trust	Total restricted funds	Total restricted funds last period
Receipts					
Donations					
Legacies					
Grants	19,728	19,728	6,000	45,456	48,497
Receipts from fundraising activities					
Gross trading receipts					
Income from investments other than land and buildings					
Rents from land & buildings					
Gross receipts from other charitable activities					
Sub total	19,728	19,728	6,000	45,456	48,497
Receipts from a	asset & investment sales				
Proceeds from sale of fixed assets					
Proceeds from sale of investments					
Sub total					
Total receipts	19,728	19,728	6,000	45,456	48,497

	Investing in Communities Fund	Strengthening Communities Program	Russell Trust	Total restricted funds	Total restricted funds last period
Payments					
Expenses for fundraising activities					
Gross trading payments					
Investment management costs					
Payments relating directly to charitable activities	13,177	24,585		37,762	43,640
Grants and donations					
Governance costs:					
Audit / independent examination					
Preparation of annual accounts					
Legal costs					
Other					4,000
Sub total	13,177	24,585		37,762	47,640

	Investing in Communities Fund	Strengthening Communities Program	Russell Trust	Total restricted funds	Total restricted funds last period
Payments relating to asset and investment movements					
Purchases of fixed assets	438			438	
Purchase of investments					
Sub total	438			438	
Total payments	13,615	24,585		38,200	47,640
Net receipts / (payments)	6,113	(4,857)	6,000	7,256	857
Transfers to / (from) funds					
Surplus / (deficit) for year	6,113	(4,857)	6,000	7,256	857

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APPENDIX 3



trustees/members of

Report to the Charity name

Name:

(if any): Address:

Relevant professional qualification(s) or body

Iona Renewables

Registered charity number	SC047510							
On the accounts of the	Period start date					Period end date		
charity for the period	Day	Month	Year		Day	Month	Year	
	01	04	2019	to	31	03	2020	
Set out on pages	38 to 52						(remember to include the page numbers of additional sheets)	
Respective responsibilities of trustees and examiner	with the ter Charities A consider the does not a	rms of the C accounts (So nat the audit pply. It is my	harities and otland) Reg requirement responsibil	Trustee In ulations 20 of Regula ty to exan	nvestment (So 206 (as amen ation 10(1) (d nine the acco	of the accounts in cotland) 2005 Act ded). The charity of the Accounts unts as required unts as required unt	and the trustees Regulations under section	
Basis of independent examiner's statement	Regulation charity and considerat explanation do not prov	s. An exami I a comparis ion of any ur ns from the t vide all the e	nation include on of the ac nusual items trustees con evidence that	les a revie counts pre or disclos cerning an would be	ew of the according to	on 11 of the 2006 punting records ke hose records. It a counts and seek rs. The procedure n audit and, consounts.	ept by the Iso includes s es undertaken	
Independent examiner's statement	which require to kee Regula to prep Regula have not b	gives me recements: p accounting ation 4 of the pare accounation 9 of the een met, or	asonable ca g records in e 2006 Acco ts which acco e 2006 Acco	use to beli accordanc unts Regu ord with th unts Regu	ce with sectional collations, and the accounting collations	ny material respect on 44(1) (a) of the i	2005 Act and	
	to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.					proper		
Signed:					Date:	15 th Decembe	r 2020	

Independent examiner's report on the accounts

Rebecca Adams of Arle Accounting Ltd

BSc MSc ACA DChA BFP

Arla Beag Aros Isle of Mull PA72 6JS

^{*}Please delete the words in the brackets if they do not apply. If the words do apply, set out those matters which have come to your attention on the following page.

APPENDIX 3

Disclosure section

	Only complete if the examiner needs to highlight material problems.				
Give here brief details of any items that the examiner wishes to disclose					
	N/A				

